

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 10592 010603Z

ACTION NEA-10

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 ISO-00 IO-13
FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07 SP-02
SS-15 STR-05 TRSE-00 ACDA-12 PA-01 PRS-01 /163 W
-----015972 011207Z /20

R 010404Z DEC 77

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5669

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMCONSUL DHARAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USINT BAGHDAD

C O N F I D E N T I A L TEHRAN 10592

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJ: AMOUZEGAR REPORTEDLY CALLS FOR TWO-YEAR OIL
PRICE FREEZE

REF: TEHRAN 6285 (NOTAL)

1. ACCORDING TO A TEHRAN PRESS ACCOUNT OF AN INTERVIEW

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 10592 010603Z

REPORTEDLY PUBLISHED NOVEMBER 28 IN THE KUWAITI DAILY AL
QABAS, IRAN'S PRIME MINISTER AMOUZEGAR SAID QUOTE IT
IS NOT IN OUR INTEREST TO INCREASE OIL PRICES DURING THE
NEXTTWO YEARS END QUOTE. ACCORING TO THE ACCOUNT OF
THE INTERVIEW PUBLISHED IN THE TEHRAN JOUNAL, AMOUZEGAR
TOLD THE AL QABAS INTERVIEWER THAT A PRICE HIKE WOULD IMPACT
ADVERSELY ON DEVELOPING COUNTRIES AND OULD NOT, IN ANY CASE,

BE ADVISABLE WHEN THE OIL MARKET IS SOFT.

2. A NIOC SPOKESMAN DENIED THAT AMOUZEGAR HAD BEEN QUOTED ACCURATELY. SOURCE SAID THAT THE PRIME MINISTER HAD MERELY FOLLOWED THE SHAH'S LEAD AND HAD SAID THAT IRAN WOULD FAVOR A PRICE FREEZE FOR 1978.

3. EVEN BEFORE CHECKING WITH NIOC, EMBASSY WAS VERY SKEPTICAL OF REPORT. DECISIONS BY IRAN ON WHETHER OR BY HOW MUCH TO PRESS FOR AN INCREASE IN OIL PRICES HAVE TRADITIONALLY BEEN MADE AT THE ELEVENTH HOUR (I.E. ONLY VERY SHORTLY BEFORE OPEC MINISTERIAL MEETINGS), AND IRAN HAS CONSISTENTLY ESCHEWED POLICIES THAT WOULD LIMIT ITS ABILITY TO ADAPT TO CHANGING CONDITIONS.

4. THERE HAS BEEN SOMEWHAT OF A DEPARTURE FROM THE NORM THIS YEAR IN THAT THE GOI BEGAN FAIRLY EARLY TO TALK MORE OPENLY AND MORE MODERATELY THAN CUSTOMARY ABOUT OIL PRICES. THIS TREND STARTED LAST JULY IN STOCKHOLM WHEN AMOUZEGAR, WHILE NOT COMMITTING HIMSELF, SUGGESTED THAT IRAN WOULD FAVOR PRICE STABILITY THROUGH THE END OF 1978. THE MOST RECENT AND IMPORTANT STEP WAS, OF COURSE, THE COMMITMENT MADE BY THE SHAH IN WASHINGTON EARLIER THIS MONTH TO PRESS FOR A PRICE FREEZE IN CARACAS.

5. WE BELIEVE THAT THE APPARENT SHIFT IN THE IRANIAN POSITION ON OIL PRICES CAN BE ATTRIBUTED, INTER ALIAN, TO (A) FEAR OF A RESUMPTION OF A TWO-TIER PRICE SYSTEM, INCREASED SAUDI
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEHRAN 10592 010603Z

PRODUCTION, POTENTIAL FOR CREATING AND EXACERBATING STRAINS WITHIN OPEC, ETC., (B) A GROWING RESPECT FOR AN ACCEPTANCE BY IRAN OF THE LOGIC OF THE USG POSITION URGING AGAINST ANOTHER PRICE INCREASE, (C) ANTICIPATION THAT THE CURRENT SOFT OIL MARKET WILL CONTINUE OR EVEN WORSEN, AND (D) AN INTEREST IN OBSERVING WHETHER CARTER ADMINISTRATION ENERGY POLICY WILL ULTIMATELY SUCCEED IN REDUCING U.S. DEMAND FOR PERSIAN GULF OIL.

6. ALL FOUR OF THE BASIC CONSIDERATIONS ABOVE PROBABLY ARE RESPONSIBLE TO A DEGREE FOR IRAN'S RECENTLY DEMONSTRATED WILLINGNESS TO COMMIT ITSELF TO A SOMEWHAT LONGER-TERM POLICY ON OIL PRICES AND FOR WHAT WE SEE AS A TEMPORARY LOWERING OF IRANIAN EXPECTATIONS. HOWEVER, TO THE DEGREE THAT THESE THREE FACTORS ARE INDEPENDENT OF ONE ANOTHER, WE BELIEVE THAT THE EXPECTATION OF A CONTINUED SOFT MARKET IS THE SINGLE MOST IMPORTANT CONSIDERATION. IN ORDER TO ASSESS AND ATTEMPT TO PREDICT MARKET CONDITIONS IRAN IS AND WILL BE CLOSELY WATCHING (A) THE LEVEL OF NON-OPEC PRODUCTION, (B) THE AMOUNT OF PETROLEUM STOCKPILING, (C) THE SEVERITY OF WINTER WEATHER IN MAJOR CONSUMING MARKETS, (D) THE LEVEL OF INDUSTRIAL ACTIVITY IN OECD COUNTRIES, AND (E) THE ACTION BY THE U.S. CONGRESS WITH RESPECT ENERGY LEGISLATION.

IF THESE FACTORS COMBINE TO LIMIT GENERAL WORLD DEMAND
FOR OPEC PRODUCTION, IRAN CAN BE EXPECTED TO MAINTAIN
A TOLERANT OIL PRICE POLICY. IF, ON THE OTHER HAND, THE
TREND RUNS IN THE OTHER DIRECTION, IRAN CAN BE EXPECTED
TO RETURN TO ITS PREVIOUS ATTITUDES ON OIL PRICES. THIS
WOULD BE PARTICULARLY THE CASE IF THE U.S. CONGRESS AND/OR
ADMINISTRATIONS FAIL TO TAKE ACTIONS WHICH WOULD DEMONSTRATE
A GENUINE EFFORT AT ENERGY CONSERVATION RESULTING IN A
REDUCTION OF DEMAND FOR IMPORTED OIL.
SULLIVAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OILS, PRESS COMMENTS, PETROLEUM, FOREIGN POLICY POSITION, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN10592
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770445-0602
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197712103/aaaadjpc.tel
Line Count: 125
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 23e7cefb-c188-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 TEHRAN 6285
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 109546
Secure: OPEN
Status: NATIVE
Subject: AMOUZEGAR REPORTEDLY CALLS FOR TWO-YEAR OIL PRICE FREEZE
TAGS: ENRG, SOPN, IR, (AMUZEGAR, JAMSHID)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/23e7cefb-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009